



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB5418

Introduced 2/5/2010, by Rep. Kevin A. McCarthy

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Public Labor Relations Act. Exempts the changes made to the Illinois Pension Code under this amendatory Act from provisions providing that, if there is a conflict between the Act and any other law, the provisions of the Act or any collective bargaining agreement negotiated under the Act shall prevail and control. Amends the General Assembly, State Employees, State Universities, Downstate Teachers, and Judges Articles of the Illinois Pension Code (the 5 State-funded Retirement Systems). Adds different provisions concerning retirement benefits applicable to persons hired on or after August 1, 2010 (later entrants), including provisions concerning creditable service, conditions for eligibility for a retirement annuity, amount of retirement annuities, alternative forms of retirement annuities, annual increases, employee contributions, refunds, and re-entry after retirement. Effective immediately.

LRB096 18551 AMC 33933 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Public Labor Relations Act is
5 amended by changing Section 15 as follows:

6 (5 ILCS 315/15) (from Ch. 48, par. 1615)

7 Sec. 15. Act Takes Precedence.

8 (a) In case of any conflict between the provisions of this
9 Act and any other law (other than Section 5 of the State
10 Employees Group Insurance Act of 1971 and other than the
11 changes made to the Illinois Pension Code by this amendatory
12 Act of the 96th General Assembly), executive order or
13 administrative regulation relating to wages, hours and
14 conditions of employment and employment relations, the
15 provisions of this Act or any collective bargaining agreement
16 negotiated thereunder shall prevail and control. Nothing in
17 this Act shall be construed to replace or diminish the rights
18 of employees established by Sections 28 and 28a of the
19 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
20 of the Regional Transportation Authority Act. The provisions of
21 this Act are subject to Section 5 of the State Employees Group
22 Insurance Act of 1971. Nothing in this Act shall be construed
23 to replace the necessity of complaints against a sworn peace

1 officer, as defined in Section 2(a) of the Uniform Peace
2 Officer Disciplinary Act, from having a complaint supported by
3 a sworn affidavit.

4 (b) Except as provided in subsection (a) above, any
5 collective bargaining contract between a public employer and a
6 labor organization executed pursuant to this Act shall
7 supersede any contrary statutes, charters, ordinances, rules
8 or regulations relating to wages, hours and conditions of
9 employment and employment relations adopted by the public
10 employer or its agents. Any collective bargaining agreement
11 entered into prior to the effective date of this Act shall
12 remain in full force during its duration.

13 (c) It is the public policy of this State, pursuant to
14 paragraphs (h) and (i) of Section 6 of Article VII of the
15 Illinois Constitution, that the provisions of this Act are the
16 exclusive exercise by the State of powers and functions which
17 might otherwise be exercised by home rule units. Such powers
18 and functions may not be exercised concurrently, either
19 directly or indirectly, by any unit of local government,
20 including any home rule unit, except as otherwise authorized by
21 this Act.

22 (Source: P.A. 95-331, eff. 8-21-07.)

23 Section 10. The Illinois Pension Code is amended by adding
24 Sections 2-300, 2-305, 2-310, 2-315, 2-320, 2-325, 2-330,
25 2-335, 2-340, 14-300, 14-305, 14-310, 14-315, 14-320, 14-325,

1 14-330, 14-335, 14-340, 15-300, 15-305, 15-310, 15-315,
2 15-320, 15-325, 15-330, 15-335, 15-340, 16-300, 16-305,
3 16-310, 16-315, 16-320, 16-325, 16-330, 16-335, 16-340,
4 18-300, 18-305, 18-310, 18-315, 18-320, 18-325, 18-330,
5 18-335, and 18-340 as follows:

6 (40 ILCS 5/2-300 new)

7 Sec. 2-300. Provisions applicable to later entrants.

8 (a) The provisions of this Article following this Section
9 apply only to members who first become members on or after
10 August 1, 2010, who are referred to as "later entrants".

11 (b) Except as provided in subsection (c) of this Section,
12 the Sections of this Article before this Section do not apply
13 to members who first become members on or after August 1, 2010.

14 (c) The following Sections are also applicable to members
15 who first become members on or after August 1, 2010: Sections
16 2-101, 2-102, 2-103, 2-104, 2-105, 2-107, 2-108, 2-109, 2-111,
17 2-112, 2-113, 2-114, 2-116, 2-117, 2-117.1, 2-117.3, and
18 2-121.2 and Sections 2-124 through 2-162.

19 (d) To the extent that the Sections enumerated in
20 subsection (c) of this Section conflict with the Sections
21 following this Section, the Sections following this Section
22 shall control.

23 (e) To the extent that the applicable Sections are included
24 under subsection (c) of this Section, later entrants, including
25 survivors, are entitled to disability benefits under this

1 Article.

2 (40 ILCS 5/2-305 new)

3 Sec. 2-305. Creditable service for later entrants.

4 (a) Creditable service under this Article is subject to the
5 following conditions:

6 (1) The maximum amount of creditable service a member
7 may establish under this Article is 35 years.

8 (2) A member may only establish creditable service for
9 his or her service as a member under this Article. Except
10 as provided in subsection (b), a member may not establish
11 creditable service for any other service.

12 (3) A member may not convert any unused sick leave or
13 vacation into creditable service under this Article.

14 (b) A member may establish creditable service, without
15 making contributions, for periods of military service, as
16 defined in Section 2-109, provided that the person received a
17 discharge other than dishonorable, was a member within 6 months
18 prior to military service, and returned to service as a member
19 under this System within one year after discharge.

20 A member may purchase up to 2 years of military service not
21 immediately following service as a member under this System, by
22 paying to the System (1) employee contributions based on the
23 member's salary upon the first date as a member after the
24 military service, plus (2) an amount determined by the board to
25 be equal to the employer's normal cost of the benefit, plus (3)

1 interest on items (1) and (2) at the actuarially assumed rate
2 from the first date as a member after such military service to
3 the date of payment.

4 The total amount of creditable military service for any
5 member during his or her entire term of service shall not
6 exceed 5 years.

7 (40 ILCS 5/2-310 new)

8 Sec. 2-310. Retirement annuity; conditions for
9 eligibility; later entrants. A member may claim his or her
10 retirement annuity upon attainment of (1) the full (normal)
11 retirement age as provided in the federal Social Security Act
12 with at least 10 years of service credit or (2) age 62 with at
13 least 35 years of service credit.

14 A member may claim a reduced retirement annuity under
15 subsection (c) of Section 2-315 if he or she is at least 62
16 years of age and has at least 10 years of service.

17 The annuity shall begin with the first full calendar month
18 specified in the member's application therefor, the first day
19 of which shall not be before the date of withdrawal as approved
20 by the board. Regardless of the date of withdrawal, the annuity
21 need not begin within one year of application therefor.

22 (40 ILCS 5/2-315 new)

23 Sec. 2-315. Retirement life annuity; amount; later
24 entrants.

1 (a) With respect to late entrants:

2 (1) "Final average salary" means the monthly salary
3 obtained by dividing the total salary of a participant
4 during the period of: (A) the 96 consecutive months of
5 service within the last 120 months of service in which the
6 total salary was the highest or (B) the total period of
7 service, if less than 96 months, by the number of months of
8 service in such period; provided that for the purposes of a
9 retirement annuity the average salary for the last 12
10 months of the 96 months shall not exceed the final average
11 salary by more than 25%.

12 In no event shall the monthly salary used to determined
13 final average salary exceed (i) the Social Security Covered
14 Wage Base for the given month of service or (ii) \$12,500,
15 whichever is less.

16 The earnings limitations contained in this item (1)
17 apply to earnings under any other participating system
18 under the Retirement Systems Reciprocal Act that are
19 considered in calculating a proportional annuity under
20 this Article, except in the case of a person who first
21 became a member of this System before August 22, 1994.

22 (2) "Salary" means:

23 (A) For members of the General Assembly, the total
24 salary paid to the member by the State for one year of
25 service, including the additional amounts, if any,
26 paid to the member as an officer, committee chair, or

1 minority spokesman pursuant to Section 1 of General
2 Assembly Compensation Act. "Salary" shall not include
3 any compensation or allowance for mileage, food, or
4 lodging.

5 (B) For the State executive officers specified in
6 Section 2-105, the total salary paid to the member for
7 one year of service. "Salary" shall not include any
8 compensation or allowance for mileage, food, or
9 lodging.

10 However, in the event that federal law results in any
11 participant receiving imputed income based on the value of
12 group term life insurance provided by the State, such
13 imputed income shall not be included in salary for the
14 purposes of this Article.

15 (b) The retirement life annuity shall be 2% of final
16 average salary for each year of service.

17 (c) For a member retiring after attaining age 62, the
18 retirement life annuity shall be reduced by one-half of 1% for
19 each month that the member's age is under the full (normal)
20 retirement age as provided in the federal Social Security Act.

21 (40 ILCS 5/2-320 new)

22 Sec. 2-320. Alternative forms of annuities for later
23 entrants. A participant may choose any of the following types
24 of annuities in lieu of receiving the full annuity provided in
25 Section 2-315:

1 (1) Joint and 50% survivor annuity. Under this form of
2 payment, the participant receives a reduced monthly
3 payment for his or her lifetime with a payment equal to 50%
4 of the reduced amount payable to the participant paid to
5 the participant's designated beneficiary for the
6 beneficiary's lifetime if the beneficiary survives the
7 participant.

8 (2) Joint and 75% survivor annuity. Under this form of
9 payment, the participant receives a reduced monthly
10 payment for his or her lifetime with a payment equal to 75%
11 of the reduced amount payable to the participant paid to
12 the participant's designated beneficiary for the
13 beneficiary's lifetime if the beneficiary survives the
14 participant.

15 (3) Joint and 100% survivor annuity. Under this form of
16 payment, the participant receives a reduced monthly
17 payment for his or her lifetime with a payment equal to
18 100% of the reduced amount payable to the participant paid
19 to the participant's designated beneficiary for the
20 beneficiary's lifetime if the beneficiary survives the
21 participant.

22 (4) Single life annuity with 60, 120, or 180 months of
23 guaranteed payments. Under this option, the participant
24 receives a reduced monthly payment for his or her lifetime.
25 If the participant dies before receiving at least the
26 number of guaranteed monthly payments, then the

1 participant's beneficiary or estate receives the remaining
2 guaranteed number of monthly payments.

3 The Board must determine the participant's optional form of
4 annuity provided under this Section by taking into account the
5 appropriate actuarial assumptions, including without
6 limitation the participant's and beneficiary's age; applicable
7 mortality tables; and any other factors that the Board
8 determines to be relevant. For this purpose, the participant's
9 joint and survivor annuity should result in no significant
10 increase to the System's unfunded actuarial accrued liability
11 determined as of the most recent actuarial valuation, based on
12 the same assumptions and methods used to develop and report the
13 System's actuarial accrued liability and actuarial value of
14 assets under Statement No. 25 of Governmental Accounting
15 Standards Board or any subsequent applicable Statement.

16 (40 ILCS 5/2-325 new)

17 Sec. 2-325. Automatic annual increases for later entrants.
18 Notwithstanding any other provision of this Article, a person
19 receiving a retirement or survivor annuity under Sections 2-315
20 or 2-320 shall, on the first anniversary of retirement, but not
21 before attaining age 67, and annually thereafter, have his or
22 her annuity increased by (1) 3% or (2) one-half of the
23 percentage increase, if any, in the Consumer Price Index for
24 All Urban Consumers measured from the preceding January 1 to
25 the January 1 of the year during which the increase is being

1 granted, whichever is less, of the originally granted annuity.

2 (40 ILCS 5/2-330 new)

3 Sec. 2-330. Contributions by participants; later entrants.

4 (a) Each participant shall contribute 7% of each payment of
5 salary received by him or her for service as a member toward
6 the cost of his or her retirement annuity. In no event shall
7 contributions be deducted from salary in excess of (1) the
8 Social Security Covered Wage Base for the given calendar year
9 or (2) \$150,000, whichever is less.

10 (b) Contributions shall be in the form of a deduction from
11 salary and shall be made notwithstanding that the salary paid
12 in cash to the member shall be reduced thereby below the
13 minimum prescribed by law or regulation. Each member is deemed
14 to consent and agree to the deductions from compensation
15 provided for in this Article and shall receipt in full for
16 salary or compensation.

17 (c) These contributions shall be picked up in the manner
18 provided in Section 2-126.1.

19 (40 ILCS 5/2-335 new)

20 Sec. 2-335. Refunds; later entrants. A participant who
21 ceases to be a member, other than an annuitant, shall, upon
22 written request, receive a refund of his or her total
23 contributions, plus interest at (1) 3% or (2) one-half of the
24 percentage increase, if any, in the Consumer Price Index for

1 All Urban Consumers measured from the preceding January 1 to
2 the January 1 of the year during which the interest is being
3 credited, whichever is less, per year, not compounded.

4 Upon re-entry into service as a member, a former member may
5 reestablish any creditable service forfeited by acceptance of a
6 refund by paying to the System the full amount refunded, plus
7 interest at the actuarially assumed rate, not compounded, from
8 the date of payment of the refund to the date of repayment.

9 (40 ILCS 5/2-340 new)

10 Sec. 2-340. Re-entry after retirement; later entrants.

11 (a) An annuitant who re-enters service as a member shall
12 become a participant on the date of re-entry, less he or she
13 elects not to participate under Section 2-117, and retirement
14 annuity payments shall cease at that time. The participant
15 shall resume contributions to the system on the date of
16 re-entry at the rates then in effect and shall begin to accrue
17 additional service credit.

18 (b) Upon subsequent retirement, the participant shall be
19 entitled to a retirement annuity consisting of: (1) the amount
20 of retirement annuity previously granted and terminated by
21 re-entry into service and (2) the amount of additional
22 retirement annuity earned during the additional service.

23 (c) In computing the retirement annuity under subsection
24 (b) of this Section, the time that the member was on retirement
25 shall not interrupt the continuity of service for the

1 computation of final average compensation and the additional
2 membership service shall be considered, together with service
3 rendered before the previous retirement, in establishing final
4 average compensation.

5 (d) A person who re-enters service within 3 years after
6 retiring may qualify to have the retirement annuity computed as
7 though the member had not previously retired by paying to the
8 System, within 5 years after re-entry and prior to subsequent
9 retirement, in a lump-sum or in installment payments, in
10 accordance with rules adopted by the board, an amount equal to
11 all retirement annuity payments received, plus interest at the
12 actuarially assumed rate from the date retirement payments were
13 suspended to the date of repayment.

14 (40 ILCS 5/14-300 new)

15 Sec. 14-300. Provisions applicable to later entrants.

16 (a) The provisions of this Article following this Section
17 apply only to employees who first become employees on or after
18 August 1, 2010, who are referred to as "later entrants".

19 (b) Except as provided in subsection (c) of this Section,
20 the Sections of this Article before this Section do not apply
21 to employees who first become employees on or after August 1,
22 2010.

23 (c) The following Sections are also applicable to employees
24 who first become employees on or after August 1, 2010: Sections
25 14-101, 14-102, 14-103.01, 14-103.02, 14-103.03, 14-103.04,

1 14-103.05, 14-103.06, 14-103.07, 14-103.08, 14-103.09,
2 14-103.10, 14-103.11, 14-103.13, 14-103.15, 14-103.16,
3 14-103.17, 14-103.18, 14-103.19, 14-103.22, 14-103.24,
4 14-103.25, 14-103.26, 14-103.27, 14-103.28, 14-103.29,
5 14-103.32, 14-103.33, 14-103.34, 14-103.35, 14-103.36,
6 14-103.37, 14-103.38, 14-103.39, 14-104.7, 14-123, 14-123.1,
7 14-124, 14-125, 14-125.1, 14-126, 14-127, 14-131, 14-132.2,
8 14-132.2, and 14-133.1 and Sections 14-134 through 14-152.2.

9 (d) To the extent that the Sections enumerated in
10 subsection (c) of this Section conflict with the Sections
11 following this Section, the Sections following this Section
12 shall control.

13 (e) To the extent that the applicable Sections are included
14 under subsection (c) of this Section, later entrants, including
15 survivors, are entitled to disability benefits under this
16 Article.

17 (40 ILCS 5/14-305 new)

18 Sec. 14-305. Creditable service for later entrants.

19 (a) Creditable service under this Article is subject to the
20 following conditions:

21 (1) The maximum amount of creditable service a member
22 may establish under this Article is 35 years.

23 (2) A member may only establish creditable service for
24 his or her membership service, as defined in Section
25 14-103.13. Except as provided in subsection (b), a member

1 may not establish creditable service for any other service.

2 (3) A member may not convert any unused sick leave or
3 vacation into creditable service under this Article.

4 (b) A member may establish creditable service, without
5 making contributions, for periods of military service, as
6 defined in Section 14-103.16, provided that the person received
7 a discharge other than dishonorable, was a member within 6
8 months prior to military service, and returned to service as a
9 member under this System within one year after discharge.

10 A member may purchase up to 2 years of military service not
11 immediately following service as a member under this System, by
12 paying to the System (1) employee contributions based on the
13 member's salary upon the first date as a member after the
14 military service, plus (2) an amount determined by the board to
15 be equal to the employer's normal cost of the benefit, plus (3)
16 interest on items (1) and (2) at the actuarially assumed rate
17 from the first date as a member after such military service to
18 the date of payment.

19 The total amount of creditable military service for any
20 member during his or her entire term of service shall not
21 exceed 5 years.

22 (40 ILCS 5/14-310 new)

23 Sec. 14-310. Retirement annuity; conditions for
24 eligibility; later entrants. A member may claim his or her
25 retirement annuity upon attainment of (1) the full (normal)

1 retirement age as provided in the federal Social Security Act
2 with at least 10 years of service credit or (2) age 62 with at
3 least 35 years of service credit.

4 A member may claim a reduced retirement annuity under
5 subsection (c) of Section 14-315 if he or she is at least 62
6 years of age and has at least 10 years of service.

7 The annuity shall begin with the first full calendar month
8 specified in the member's application therefor, the first day
9 of which shall not be before the date of withdrawal as approved
10 by the board. Regardless of the date of withdrawal, the annuity
11 need not begin within one year of application therefor.

12 (40 ILCS 5/14-315 new)

13 Sec. 14-315. Retirement life annuity; amount; later
14 entrants.

15 (a) With respect to late entrants:

16 (1) "Final average compensation" means the monthly
17 compensation obtained by dividing the total compensation
18 of an employee during the period of: (A) the 96 consecutive
19 months of service within the last 120 months of service in
20 which the total compensation was the highest or (B) the
21 total period of service, if less than 96 months, by the
22 number of months of service in such period; provided that
23 for the purposes of a retirement annuity the average
24 compensation for the last 12 months of the 96 months shall
25 not exceed the final average compensation by more than 25%.

1 In no event shall the monthly compensation used to
2 determined final average compensation exceed (i) the
3 Social Security Covered Wage Base for the given month of
4 service or (ii) \$12,500, whichever is less.

5 (2) "Compensation" means a member's base compensation
6 and does not include any overtime or bonuses.

7 (b) The retirement life annuity shall be (1) 1.5% of final
8 average compensation for each year of service for covered
9 employees or (2) 2% of final average compensation for each year
10 of service for noncovered employees.

11 (c) For a member retiring after attaining age 62, the
12 retirement life annuity shall be reduced by one-half of 1% for
13 each month that the member's age is under the full (normal)
14 retirement age as provided in the federal Social Security Act.

15 (40 ILCS 5/14-320 new)

16 Sec. 14-320. Alternative forms of annuities for later
17 entrants. A member may choose any of the following types of
18 annuities in lieu of receiving the full annuity provided in
19 Section 14-315:

20 (1) Joint and 50% survivor annuity. Under this form of
21 payment, the member receives a reduced monthly payment for
22 his or her lifetime with a payment equal to 50% of the
23 reduced amount payable to the member paid to the member's
24 designated beneficiary for the beneficiary's lifetime if
25 the beneficiary survives the member.

1 (2) Joint and 75% survivor annuity. Under this form of
2 payment, the member receives a reduced monthly payment for
3 his or her lifetime with a payment equal to 75% of the
4 reduced amount payable to the member paid to the member's
5 designated beneficiary for the beneficiary's lifetime if
6 the beneficiary survives the member.

7 (3) Joint and 100% survivor annuity. Under this form of
8 payment, the member receives a reduced monthly payment for
9 his or her lifetime with a payment equal to 100% of the
10 reduced amount payable to the member paid to the member's
11 designated beneficiary for the beneficiary's lifetime if
12 the beneficiary survives the member.

13 (4) Single life annuity with 60, 120, or 180 months of
14 guaranteed payments. Under this option, the member
15 receives a reduced monthly payment for his or her lifetime.
16 If the member dies before receiving at least the number of
17 guaranteed monthly payments, then the member's beneficiary
18 or estate receives the remaining guaranteed number of
19 monthly payments.

20 The Board must determine the participant's optional form of
21 annuity provided under this Section by taking into account the
22 appropriate actuarial assumptions, including without
23 limitation the participant's and beneficiary's age; applicable
24 mortality tables; and any other factors that the Board
25 determines to be relevant. For this purpose, the participant's
26 joint and survivor annuity should result in no significant

1 increase to the System's unfunded actuarial accrued liability
2 determined as of the most recent actuarial valuation, based on
3 the same assumptions and methods used to develop and report the
4 System's actuarial accrued liability and actuarial value of
5 assets under Statement No. 25 of Governmental Accounting
6 Standards Board or any subsequent applicable Statement.

7 (40 ILCS 5/14-325 new)

8 Sec. 14-325. Automatic annual increases for later
9 entrants. Notwithstanding any other provision of this Article,
10 a person receiving a retirement or survivor annuity under
11 Sections 14-315 or 14-320 shall, on the first anniversary of
12 retirement, but not before attaining age 67, and annually
13 thereafter, have his or her annuity increased by (1) 3% or (2)
14 one-half of the percentage increase, if any, in the Consumer
15 Price Index for All Urban Consumers measured from the preceding
16 January 1 to the January 1 of the year during which the
17 increase is being granted, whichever is less, of the originally
18 granted annuity.

19 (40 ILCS 5/14-330 new)

20 Sec. 14-330. Contributions by members; later entrants.

21 (a) Each employee shall contribute the following
22 percentage of each payment of salary received by him or her for
23 service as an employee toward the cost of his or her retirement
24 annuity:

1 (1) Covered employees, 3%.

2 (2) Noncovered employees, 7%.

3 (b) Contributions shall be in the form of a deduction from
4 compensation and shall be made notwithstanding that the
5 compensation paid in cash to the employee shall be reduced
6 thereby below the minimum prescribed by law or regulation. Each
7 member is deemed to consent and agree to the deductions from
8 compensation provided for in this Article and shall receipt in
9 full for salary or compensation.

10 (c) These contributions shall be picked up in the manner
11 provided in Section 14-133.1.

12 (d) In no event shall contributions be deducted from salary
13 in excess of (1) the Social Security Covered Wage Base for the
14 given calendar year or (2) \$150,000, whichever is less.

15 (40 ILCS 5/14-335 new)

16 Sec. 14-335. Refunds; later entrants. An employee who
17 ceases to be a member, other than an annuitant, shall, upon
18 written request, receive a refund of his or her total
19 contributions, plus interest at (1) 3% or (2) one-half of the
20 percentage increase, if any, in the Consumer Price Index for
21 All Urban Consumers measured from the preceding January 1 to
22 the January 1 of the year during which the interest is being
23 credited, whichever is less, per year, not compounded.

24 Upon re-entry into service as a member, a former member may
25 reestablish any creditable service forfeited by acceptance of a

1 refund by paying to the System the full amount refunded, plus
2 interest at actuarially assumed rate, not compounded, from the
3 date of payment of the refund to the date of repayment.

4 (40 ILCS 5/14-340 new)

5 Sec. 14-340. Re-entry after retirement; later entrants.

6 (a) An annuitant who re-enters service as a member shall
7 become a member on the date of re-entry and retirement annuity
8 payments shall cease at that time. The employee shall resume
9 contributions to the system on the date of re-entry at the
10 rates then in effect and shall begin to accrue additional
11 service credit.

12 (b) Upon subsequent retirement, the employee shall be
13 entitled to a retirement annuity consisting of: (1) the amount
14 of retirement annuity previously granted and terminated by
15 re-entry into service and (2) the amount of additional
16 retirement annuity earned during the additional service.

17 (c) In computing the retirement annuity under subsection
18 (b) of this Section, the time that the member was on retirement
19 shall not interrupt the continuity of service for the
20 computation of final average compensation and the additional
21 membership service shall be considered, together with service
22 rendered before the previous retirement, in establishing final
23 average compensation.

24 (d) A person who re-enters service within 3 years after
25 retiring may qualify to have the retirement annuity computed as

1 though the member had not previously retired by paying to the
2 System, within 5 years after re-entry and prior to subsequent
3 retirement, in a lump-sum or in installment payments, in
4 accordance with rules adopted by the board, an amount equal to
5 all retirement annuity payments received, plus interest at the
6 actuarially assumed rate from the date retirement payments were
7 suspended to the date of repayment.

8 (40 ILCS 5/15-300 new)

9 Sec. 15-300. Provisions applicable to later entrants.

10 (a) The provisions of this Article following this Section
11 apply only to employees who first become employees on or after
12 August 1, 2010, who are referred to as "later entrants".

13 (b) Except as provided in subsection (c) of this Section,
14 the Sections of this Article before this Section do not apply
15 to employees who first become employees on or after August 1,
16 2010.

17 (c) The following Sections are also applicable to employees
18 who first become employees on or after August 1, 2010: Sections
19 15-101, 15-102, 15-103.2, 15-103.3, 15-104, 15-105, 15-106,
20 15-107, 15-108, 15-109, 15-110, 15-111, 15-113, 15-113.1,
21 15-118, 15-119, 15-124, 15-126, 15-126.1, 15-134, 15-136.4,
22 15-150, 15-151, 15-152, 15-153, 15-153.1, 15-153.2, 15-153.3,
23 15-155, 15-156, 15-157.1, and 15-158.2 and Sections 15-159
24 through 15-198.

25 (d) To the extent that the Sections enumerated in

1 subsection (c) of this Section conflict with the Sections
2 following this Section, the Sections following this Section
3 shall control.

4 (e) To the extent that the applicable Sections are included
5 under subsection (c) of this Section, later entrants, including
6 survivors, are entitled to disability benefits under this
7 Article.

8 (40 ILCS 5/15-305 new)

9 Sec. 15-305. Creditable service for later entrants.

10 (a) Creditable service under this Article is subject to the
11 following conditions:

12 (1) The maximum amount of creditable service a
13 participant may establish under this Article is 35 years.

14 (2) A participant may only establish creditable
15 service for his or her service for employment with an
16 employer, as defined in Section 15-106. Except as provided
17 in subsection (b), a participant may not establish
18 creditable service for any other service.

19 (3) A participant may not convert any unused sick leave
20 or vacation into creditable service under this Article.

21 (b) A participant may establish creditable service,
22 without making contributions, for periods of military service,
23 provided that the person received a discharge other than
24 dishonorable, was a participant within 6 months prior to
25 military service, and returned to service as a participant

1 under this System within one year after discharge.

2 A participant may purchase up to 2 years of military
3 service not immediately following service as a participant
4 under this System, by paying to the System (1) employee
5 contributions based on the participant's salary upon the first
6 date as a participant after the military service, plus (2) an
7 amount determined by the board to be equal to the employer's
8 normal cost of the benefit, plus (3) interest on items (1) and
9 (2) at the actuarially assumed rate from the first date as a
10 participant after such military service to the date of payment.

11 The total amount of creditable military service for any
12 participant during his or her entire term of service shall not
13 exceed 5 years.

14 For the purposes of this subsection (b), "military service"
15 means periods during which a person served in the armed forces
16 of the United States for which the person received a discharge
17 other than dishonorable.

18 (40 ILCS 5/15-310 new)

19 Sec. 15-310. Retirement annuity; conditions for
20 eligibility; later entrants. A participant may claim his or her
21 retirement annuity upon attainment of (1) the full (normal)
22 retirement age as provided in the federal Social Security Act
23 with at least 10 years of service credit or (2) age 62 with at
24 least 35 years of service credit.

25 A participant may claim a reduced retirement annuity under

1 subsection (c) of Section 15-315 if he or she is at least 62
2 years of age and has at least 10 years of service.

3 The annuity shall begin with the first full calendar month
4 specified in the participant's application therefor, the first
5 day of which shall not be before the date of withdrawal as
6 approved by the board. Regardless of the date of withdrawal,
7 the annuity need not begin within one year of application
8 therefor.

9 (40 ILCS 5/15-315 new)

10 Sec. 15-315. Retirement life annuity; amount; employer
11 contribution; later entrants.

12 (a) With respect to late entrants:

13 (1) "Final average rate of earnings" means the monthly
14 rate of earnings obtained by dividing the total rate of
15 earnings of an employee during the period of: (A) the 96
16 consecutive months of service within the last 120 months of
17 service in which the total rate of earnings was the highest
18 or (B) the total period of service, if less than 96 months,
19 by the number of months of service in such period; provided
20 that for the purposes of a retirement annuity the average
21 rate of earnings for the last 12 months of the 96 months
22 shall not exceed the final average rate of earnings by more
23 than 25%.

24 In no event shall the monthly rate of earnings used to
25 determined final average rate of earnings exceed (i) the

1 Social Security Covered Wage Base for the given month of
2 service or (ii) \$12,500, whichever is less.

3 (2) "Earnings" means a participant's base earnings and
4 does not include any overtime or bonuses.

5 (b) The retirement life annuity shall be 2% of final
6 average rate of earnings for each year of service.

7 (c) For a participant retiring after attaining age 62, the
8 retirement life annuity shall be reduced by one-half of 1% for
9 each month that the participant's age is under the full
10 (normal) retirement age as provided in the federal Social
11 Security Act.

12 (40 ILCS 5/15-320 new)

13 Sec. 15-320. Alternative forms of annuities for later
14 entrants.

15 (a) A participant may choose any of the following types of
16 annuities in lieu of receiving the full annuity provided in
17 Section 15-315:

18 (1) Joint and 50% survivor annuity. Under this form of
19 payment, the participant receives a reduced monthly
20 payment for his or her lifetime with a payment equal to 50%
21 of the reduced amount payable to the participant paid to
22 the participant's designated beneficiary for the
23 beneficiary's lifetime if the beneficiary survives the
24 participant.

25 (2) Joint and 75% survivor annuity. Under this form of

1 payment, the participant receives a reduced monthly
2 payment for his or her lifetime with a payment equal to 75%
3 of the reduced amount payable to the participant paid to
4 the participant's designated beneficiary for the
5 beneficiary's lifetime if the beneficiary survives the
6 participant.

7 (3) Joint and 100% survivor annuity. Under this form of
8 payment, the participant receives a reduced monthly
9 payment for his or her lifetime with a payment equal to
10 100% of the reduced amount payable to the participant paid
11 to the participant's designated beneficiary for the
12 beneficiary's lifetime if the beneficiary survives the
13 participant.

14 (4) Single life annuity with 60, 120, or 180 months of
15 guaranteed payments. Under this option, the participant
16 receives a reduced monthly payment for his or her lifetime.
17 If the participant dies before receiving at least the
18 number of guaranteed monthly payments, then the
19 participant's beneficiary or estate receives the remaining
20 guaranteed number of monthly payments.

21 (b) In lieu of the annuities under Section 15-315 and
22 subsection (a) of this Section, a participant may choose the
23 portable benefit package under Section 15-136.4 or the
24 self-managed plan under Section 15-158.2.

25 (c) The Board must determine the participant's optional
26 form of annuity provided under this Section by taking into

1 account the appropriate actuarial assumptions, including
2 without limitation the participant's and beneficiary's age;
3 applicable mortality tables; and any other factors that the
4 Board determines to be relevant. For this purpose, the
5 participant's joint and survivor annuity should result in no
6 significant increase to the System's unfunded actuarial
7 accrued liability determined as of the most recent actuarial
8 valuation, based on the same assumptions and methods used to
9 develop and report the System's actuarial accrued liability and
10 actuarial value of assets under Statement No. 25 of
11 Governmental Accounting Standards Board or any subsequent
12 applicable Statement.

13 (40 ILCS 5/15-325 new)
14 Sec. 15-325. Automatic annual increases for later
15 entrants. Notwithstanding any other provision of this Article,
16 a person receiving a retirement or survivor annuity under
17 Sections 15-315 or 15-320 shall, on the first anniversary of
18 retirement, but not before attaining age 67, and annually
19 thereafter, have his or her annuity increased by (1) 3% or (2)
20 one-half of the percentage increase, if any, in the Consumer
21 Price Index for All Urban Consumers measured from the preceding
22 January 1 to the January 1 of the year during which the
23 increase is being granted, whichever is less, of the originally
24 granted annuity.

1 (40 ILCS 5/15-330 new)

2 Sec. 15-330. Contributions by participants; later
3 entrants.

4 (a) Each employee shall contribute 7% of each payment of
5 salary received by him or her for service as an employee toward
6 the cost of his or her retirement annuity.

7 (b) Contributions shall be in the form of a deduction from
8 earnings and shall be made notwithstanding that the earnings
9 paid in cash to the employee shall be reduced thereby below the
10 minimum prescribed by law or regulation. Each participant is
11 deemed to consent and agree to the deductions from earnings
12 provided for in this Article and shall receipt in full for
13 salary or compensation.

14 (c) These contributions shall be picked up in the manner
15 provided in Section 15-157.1.

16 (d) In no event shall contributions be deducted from salary
17 in excess of (1) the Social Security Covered Wage Base for the
18 given calendar year or (2) \$150,000, whichever is less.

19 (40 ILCS 5/15-335 new)

20 Sec. 15-335. Refunds; later entrants. An employee who
21 ceases to be a participant, other than an annuitant, shall,
22 upon written request, receive a refund of his or her total
23 contributions, plus interest at (1) 3% or (2) one-half of the
24 percentage increase, if any, in the Consumer Price Index for
25 All Urban Consumers measured from the preceding January 1 to

1 the January 1 of the year during which the interest is being
2 credited, whichever is less, per year, not compounded.

3 Upon re-entry into service as an employee, a former
4 participant may reestablish any creditable service forfeited
5 by acceptance of a refund by paying to the System the full
6 amount refunded, plus interest at the actuarially assumed rate,
7 not compounded, from the date of payment of the refund to the
8 date of repayment.

9 (40 ILCS 5/15-340 new)

10 Sec. 15-340. Re-entry after retirement; later entrants.

11 (a) An annuitant who re-enters service as an employee shall
12 become a participant on the date of re-entry and retirement
13 annuity payments shall cease at that time. The employee shall
14 resume contributions to the system on the date of re-entry at
15 the rates then in effect and shall begin to accrue additional
16 service credit.

17 (b) Upon subsequent retirement, the employee shall be
18 entitled to a retirement annuity consisting of: (1) the amount
19 of retirement annuity previously granted and terminated by
20 re-entry into service and (2) the amount of additional
21 retirement annuity earned during the additional service.

22 (c) In computing the retirement annuity under subsection
23 (b) of this Section, the time that the employee was on
24 retirement shall not interrupt the continuity of service for
25 the computation of final average rate of earnings and the

1 additional service shall be considered, together with service
2 rendered before the previous retirement, in establishing final
3 average rate of earnings.

4 (d) A person who re-enters service within 3 years after
5 retiring may qualify to have the retirement annuity computed as
6 though the participant had not previously retired by paying to
7 the System, within 5 years after re-entry and prior to
8 subsequent retirement, in a lump-sum or in installment
9 payments, in accordance with rules adopted by the board, an
10 amount equal to all retirement annuity payments received, plus
11 interest at the actuarially assumed rate from the date
12 retirement payments were suspended to the date of repayment.

13 (40 ILCS 5/16-300 new)

14 Sec. 16-300. Provisions applicable to later entrants.

15 (a) The provisions of this Article following this Section
16 apply only to teachers who first become teachers on or after
17 August 1, 2010, who are referred to as "later entrants".

18 (b) Except as provided in subsection (c) of this Section,
19 the Sections of this Article before this Section do not apply
20 to teachers who first become teachers on or after August 1,
21 2010.

22 (c) The following Sections are also applicable to teachers
23 who first become teachers on or after August 1, 2010: Sections
24 16-101, 16-102, 16-103, 16-104, 16-105, 16-106, 16-106.1,
25 16-106.2, 16-106.3, 16-107, 16-109, 16-110, 16-111.1, 16-113,

1 16-114, 16-118, 16-121, 16-123, 16-149, 16-149.1, 16-149.2,
2 16-149.3, 16-149.4, 16-149.5, 16-149.6, and 16-152.1 and
3 Sections 16-155 through 16-203.

4 (d) To the extent that the Sections enumerated in
5 subsection (c) of this Section conflict with the Sections
6 following this Section, the Sections following this Section
7 shall control.

8 (e) To the extent that the applicable Sections are included
9 under subsection (c) of this Section, later entrants, including
10 survivors, are entitled to disability benefits under this
11 Article.

12 (40 ILCS 5/16-305 new)

13 Sec. 16-305. Creditable service for later entrants.

14 (a) Creditable service under this Article is subject to the
15 following conditions:

16 (1) The maximum amount of creditable service a member
17 may establish under this Article is 35 years.

18 (2) A member may only establish creditable service for
19 his or her service for employment as a teacher, as defined
20 in Section 16-106. Except as provided in subsection (b), a
21 member may not establish creditable service for any other
22 service.

23 (3) A member may not convert any unused sick leave or
24 vacation into creditable service under this Article.

25 (b) A member may establish creditable service, without

1 making contributions, for periods of military service,
2 provided that the person received a discharge other than
3 dishonorable, was a member within 6 months prior to military
4 service, and returned to service as a member under this System
5 within one year after discharge.

6 A member may purchase up to 2 years of military service not
7 immediately following service as a member under this System, by
8 paying to the System (1) employee contributions based on the
9 member's salary upon the first date as a member after the
10 military service, plus (2) an amount determined by the board to
11 be equal to the employer's normal cost of the benefit, plus (3)
12 interest on items (1) and (2) at the actuarially assumed rate
13 from the first date as a member after such military service to
14 the date of payment.

15 The total amount of creditable military service for any
16 member during his or her entire term of service shall not
17 exceed 5 years.

18 For the purposes of this subsection (b), "military service"
19 means periods a person spent in active service with the
20 military forces of the United States for which the person
21 received a discharge other than dishonorable.

22 (40 ILCS 5/16-310 new)

23 Sec. 16-310. Retirement annuity; conditions for
24 eligibility; later entrants. A member may claim his or her
25 retirement annuity upon attainment of (1) the full (normal)

1 retirement age as provided in the federal Social Security Act
2 with at least 10 years of service credit or (2) age 62 with at
3 least 35 years of service credit.

4 A member may claim a reduced retirement annuity under
5 subsection (c) of Section 16-315 if he or she is at least 62
6 years of age and has at least 10 years of service.

7 The annuity shall begin with the first full calendar month
8 specified in the member's application therefor, the first day
9 of which shall not be before the date of withdrawal as approved
10 by the board. Regardless of the date of withdrawal, the annuity
11 need not begin within one year of application therefor.

12 (40 ILCS 5/16-315 new)

13 Sec. 16-315. Retirement life annuity; amount; employer
14 contribution; later entrants.

15 (a) With respect to late entrants:

16 (1) "Final average salary" means the monthly salary
17 obtained by dividing the total salary of a member during
18 the period of: (A) the 96 consecutive months of service
19 within the last 120 months of service in which the total
20 salary was the highest or (B) the total period of service,
21 if less than 96 months, by the number of months of service
22 in such period; provided that for the purposes of a
23 retirement annuity the average salary for the last 12
24 months of the 96 months shall not exceed the final average
25 salary by more than 25%.

1 In no event shall the monthly salary used to determined
2 final average salary exceed (i) the Social Security Covered
3 Wage Base for the given month of service or (ii) \$12,500,
4 whichever is less.

5 (2) "Salary" means a member's base salary and does not
6 include any overtime or bonuses.

7 (b) The retirement life annuity shall be 2% of final
8 average salary for each year of service.

9 (c) For a member retiring after attaining age 62, the
10 retirement life annuity shall be reduced by one-half of 1% for
11 each month that the member's age is under the full (normal)
12 retirement age as provided in the federal Social Security Act.

13 (40 ILCS 5/16-320 new)

14 Sec. 16-320. Alternative forms of annuities for later
15 entrants. A member may choose any of the following types of
16 annuities in lieu of receiving the full annuity provided in
17 Section 14-315:

18 (1) Joint and 50% survivor annuity. Under this form of
19 payment, the member receives a reduced monthly payment for
20 his or her lifetime with a payment equal to 50% of the
21 reduced amount payable to the member paid to the member's
22 designated beneficiary for the beneficiary's lifetime if
23 the beneficiary survives the member.

24 (2) Joint and 75% survivor annuity. Under this form of
25 payment, the member receives a reduced monthly payment for

1 his or her lifetime with a payment equal to 75% of the
2 reduced amount payable to the member paid to the member's
3 designated beneficiary for the beneficiary's lifetime if
4 the beneficiary survives the member.

5 (3) Joint and 100% survivor annuity. Under this form of
6 payment, the member receives a reduced monthly payment for
7 his or her lifetime with a payment equal to 100% of the
8 reduced amount payable to the member paid to the member's
9 designated beneficiary for the beneficiary's lifetime if
10 the beneficiary survives the member.

11 (4) Single life annuity with 60, 120, or 180 months of
12 guaranteed payments. Under this option, the member
13 receives a reduced monthly payment for his or her lifetime.
14 If the member dies before receiving at least the number of
15 guaranteed monthly payments, then the member's beneficiary
16 or estate receives the remaining guaranteed number of
17 monthly payments.

18 The Board must determine the participant's optional form of
19 annuity provided under this Section by taking into account the
20 appropriate actuarial assumptions, including without
21 limitation the participant's and beneficiary's age; applicable
22 mortality tables; and any other factors that the Board
23 determines to be relevant. For this purpose, the participant's
24 joint and survivor annuity should result in no significant
25 increase to the System's unfunded actuarial accrued liability
26 determined as of the most recent actuarial valuation, based on

1 the same assumptions and methods used to develop and report the
2 System's actuarial accrued liability and actuarial value of
3 assets under Statement No. 25 of Governmental Accounting
4 Standards Board or any subsequent applicable Statement.

5 (40 ILCS 5/16-325 new)

6 Sec. 16-325. Automatic annual increases for later
7 entrants. Notwithstanding any other provision of this Article,
8 a person receiving a retirement or survivor annuity under
9 Sections 16-315 or 16-320 shall, on the first anniversary of
10 retirement, but not before attaining age 67, and annually
11 thereafter, have his or her annuity increased by (1) 3% or (2)
12 one-half of the percentage increase, if any, in the Consumer
13 Price Index for All Urban Consumers measured from the preceding
14 January 1 to the January 1 of the year during which the
15 increase is being granted, whichever is less, of the originally
16 granted annuity.

17 (40 ILCS 5/16-330 new)

18 Sec. 16-330. Contributions by teachers; later entrants.

19 (a) Each teacher shall contribute 7% of each payment of
20 salary received by him or her for service as a teacher toward
21 the cost of his or her retirement annuity.

22 (b) Contributions shall be in the form of a deduction from
23 salary and shall be made notwithstanding that the salary paid
24 in cash to the teacher shall be reduced thereby below the

1 minimum prescribed by law or regulation. Each member is deemed
2 to consent and agree to the deductions from salary provided for
3 in this Article and shall receipt in full for salary or
4 compensation.

5 (c) These contributions shall be picked up in the manner
6 provided in Section 16-152.1.

7 (d) In no event shall contributions be deducted from salary
8 in excess of (1) the Social Security Covered Wage Base for the
9 given calendar year or (2) \$150,000, whichever is less.

10 (40 ILCS 5/16-335 new)

11 Sec. 16-335. Refunds; later entrants. A teacher who ceases
12 to be a member, other than an annuitant, shall, upon written
13 request, receive a refund of his or her total contributions,
14 plus interest at (1) 3% or (2) one-half of the percentage
15 increase, if any, in the Consumer Price Index for All Urban
16 Consumers measured from the preceding January 1 to the January
17 1 of the year during which the interest is being credited,
18 whichever is less, per year, not compounded.

19 Upon re-entry into service as a teacher, a former member
20 may reestablish any creditable service forfeited by acceptance
21 of a refund by paying to the System the full amount refunded,
22 plus interest at the actuarially assumed rate, not compounded,
23 from the date of payment of the refund to the date of
24 repayment.

1 (40 ILCS 5/16-340 new)

2 Sec. 16-340. Re-entry after retirement; later entrants.

3 (a) An annuitant who re-enters service as a teacher shall
4 become a member on the date of re-entry and retirement annuity
5 payments shall cease at that time. The teacher shall resume
6 contributions to the system on the date of re-entry at the
7 rates then in effect and shall begin to accrue additional
8 service credit.

9 (b) Upon subsequent retirement, the teacher shall be
10 entitled to a retirement annuity consisting of: (1) the amount
11 of retirement annuity previously granted and terminated by
12 re-entry into service and (2) the amount of additional
13 retirement annuity earned during the additional service.

14 (c) In computing the retirement annuity under subsection
15 (b) of this Section, the time that the teacher was on
16 retirement shall not interrupt the continuity of service for
17 the computation of final average salary and the additional
18 service shall be considered, together with service rendered
19 before the previous retirement, in establishing final average
20 salary.

21 (d) A person who re-enters service within 3 years after
22 retiring may qualify to have the retirement annuity computed as
23 though the member had not previously retired by paying to the
24 System, within 5 years after re-entry and prior to subsequent
25 retirement, in a lump-sum or in installment payments, in
26 accordance with rules adopted by the board, an amount equal to

1 all retirement annuity payments received, plus interest at the
2 actuarially assumed rate from the date retirement payments were
3 suspended to the date of repayment.

4 (40 ILCS 5/18-300 new)

5 Sec. 18-300. Provisions applicable to later entrants.

6 (a) The provisions of this Article following this Section
7 apply only to judges who first become judges on or after August
8 1, 2010, who are referred to as "later entrants".

9 (b) Except as provided in subsection (c) of this Section,
10 the Sections of this Article before this Section do not apply
11 to judges who first become judges on or after August 1, 2010.

12 (c) The following Sections are also applicable to judges
13 who first become judges on or after August 1, 2010: Sections
14 18-101, 18-102, 18-103, 18-104, 18-105, 18-106, 18-107,
15 18-108, 18-109, 18-110, 18-111, 18-112.5, 18-113, 18-114,
16 18-116, 18-118, 18-119, 18-120, 18-120.1, 18-121, 18-126,
17 18-126.1, 18-128.2, 18-131, and 18-132 and Sections 18-133.1
18 through 18-169.

19 (d) To the extent that the Sections enumerated in
20 subsection (c) of this Section conflict with the Sections
21 following this Section, the Sections following this Section
22 shall control.

23 (e) To the extent that the applicable Sections are included
24 under subsection (c) of this Section, later entrants, including
25 survivors, are entitled to disability benefits under this

1 Article.

2 (40 ILCS 5/18-305 new)

3 Sec. 18-305. Creditable service for later entrants.

4 (a) Creditable service under this Article is subject to the
5 following conditions:

6 (1) The maximum amount of creditable service a
7 participant may establish under this Article is 35 years.

8 (2) A participant may only establish creditable
9 service for his or her service for employment as a judge,
10 as defined in Section 16-106. Except as provided in
11 subsection (b), a participant may not establish creditable
12 service for any other service.

13 (3) A participant may not convert any unused sick leave
14 or vacation into creditable service under this Article.

15 (b) A participant may establish creditable service,
16 without making contributions, for periods of military service,
17 provided that the person received a discharge other than
18 dishonorable, was a participant within 6 months prior to
19 military service, and returned to service as a participant
20 under this System within one year after discharge.

21 A participant may purchase up to 2 years of military
22 service not immediately following service as a participant
23 under this System, by paying to the System (1) employee
24 contributions based on the participant's salary upon the first
25 date as a participant after the military service, plus (2) an

1 amount determined by the board to be equal to the employer's
2 normal cost of the benefit, plus (3) interest on items (1) and
3 (2) at the actuarially assumed rate from the first date as a
4 participant after such military service to the date of payment.

5 The total amount of creditable military service for any
6 participant during his or her entire term of service shall not
7 exceed 5 years.

8 For the purposes of this subsection (b), "military service"
9 means periods a person spent in active service with the
10 military forces of the United States for which the person
11 received a discharge other than dishonorable.

12 (40 ILCS 5/18-310 new)

13 Sec. 18-310. Retirement annuity; conditions for
14 eligibility; later entrants. A participant may claim his or her
15 retirement annuity upon attainment of (1) the full (normal)
16 retirement age as provided in the federal Social Security Act
17 with at least 10 years of service credit or (2) age 62 with at
18 least 35 years of service credit.

19 A participant may claim a reduced retirement annuity under
20 subsection (c) of Section 16-315 if he or she is at least 62
21 years of age and has at least 10 years of service.

22 The annuity shall begin with the first full calendar month
23 specified in the participant's application therefor, the first
24 day of which shall not be before the date of withdrawal as
25 approved by the board. Regardless of the date of withdrawal,

1 the annuity need not begin within one year of application
2 therefor.

3 (40 ILCS 5/18-315 new)

4 Sec. 18-315. Retirement life annuity; amount; employer
5 contribution; later entrants.

6 (a) With respect to late entrants:

7 (1) "Final average salary" means the monthly salary
8 obtained by dividing the total salary of a participant
9 during the period of: (A) the 96 consecutive months of
10 service within the last 120 months of service in which the
11 total salary was the highest or (B) the total period of
12 service, if less than 96 months, by the number of months of
13 service in such period; provided that for the purposes of a
14 retirement annuity the average salary for the last 12
15 months of the 96 months shall not exceed the final average
16 salary by more than 25%.

17 In no event shall the monthly salary used to determined
18 final average salary exceed (i) the Social Security Covered
19 Wage Base for the given month of service or (ii) \$12,500,
20 whichever is less.

21 (2) "Salary" means a participant's base salary and does
22 not include any overtime or bonuses.

23 (b) The retirement life annuity shall be 2% of final
24 average salary for each year of service.

25 (c) For a participant retiring after attaining age 62, the

1 retirement life annuity shall be reduced by one-half of 1% for
2 each month that the participant's age is under the full
3 (normal) retirement age as provided in the federal Social
4 Security Act.

5 (40 ILCS 5/18-320 new)

6 Sec. 18-320. Alternative forms of annuities for later
7 entrants. A participant may choose any of the following types
8 of annuities in lieu of receiving the full annuity provided in
9 Section 14-315:

10 (1) Joint and 50% survivor annuity. Under this form of
11 payment, the participant receives a reduced monthly
12 payment for his or her lifetime with a payment equal to 50%
13 of the reduced amount payable to the participant paid to
14 the participant's designated beneficiary for the
15 beneficiary's lifetime if the beneficiary survives the
16 participant.

17 (2) Joint and 75% survivor annuity. Under this form of
18 payment, the participant receives a reduced monthly
19 payment for his or her lifetime with a payment equal to 75%
20 of the reduced amount payable to the participant paid to
21 the participant's designated beneficiary for the
22 beneficiary's lifetime if the beneficiary survives the
23 participant.

24 (3) Joint and 100% survivor annuity. Under this form of
25 payment, the participant receives a reduced monthly

1 payment for his or her lifetime with a payment equal to
2 100% of the reduced amount payable to the participant paid
3 to the participant's designated beneficiary for the
4 beneficiary's lifetime if the beneficiary survives the
5 participant.

6 (4) Single life annuity with 60, 120, or 180 months of
7 guaranteed payments. Under this option, the participant
8 receives a reduced monthly payment for his or her lifetime.
9 If the participant dies before receiving at least the
10 number of guaranteed monthly payments, then the
11 participant's beneficiary or estate receives the remaining
12 guaranteed number of monthly payments.

13 The Board must determine the participant's optional form of
14 annuity provided under this Section by taking into account the
15 appropriate actuarial assumptions, including without
16 limitation the participant's and beneficiary's age; applicable
17 mortality tables; and any other factors that the Board
18 determines to be relevant. For this purpose, the participant's
19 joint and survivor annuity should result in no significant
20 increase to the System's unfunded actuarial accrued liability
21 determined as of the most recent actuarial valuation, based on
22 the same assumptions and methods used to develop and report the
23 System's actuarial accrued liability and actuarial value of
24 assets under Statement No. 25 of Governmental Accounting
25 Standards Board or any subsequent applicable Statement.

1 (40 ILCS 5/18-325 new)

2 Sec. 18-325. Automatic annual increases for later
3 entrants. Notwithstanding any other provision of this Article,
4 a person receiving a retirement or survivor annuity under
5 Sections 16-315 or 16-320 shall, on the first anniversary of
6 retirement, but not before attaining age 67, and annually
7 thereafter, have his or her annuity increased by (1) 3% or (2)
8 one-half of the percentage increase, if any, in the Consumer
9 Price Index for All Urban Consumers measured from the preceding
10 January 1 to the January 1 of the year during which the
11 interest is being credited, whichever is less, of the
12 originally granted annuity.

13 (40 ILCS 5/18-330 new)

14 Sec. 18-330. Contributions by judges; later entrants.

15 (a) Each judge shall contribute 7% of each payment of
16 salary received by him or her for service as a judge toward the
17 cost of his or her retirement annuity.

18 (b) Contributions shall be in the form of a deduction from
19 salary and shall be made notwithstanding that the salary paid
20 in cash to the judge shall be reduced thereby below the minimum
21 prescribed by law or regulation. Each participant is deemed to
22 consent and agree to the deductions from salary provided for in
23 this Article and shall receipt in full for salary or
24 compensation.

25 (c) These contributions shall be picked up in the manner

1 provided in Section 18-133.1.

2 (d) In no event shall contributions be deducted from salary
3 in excess of (1) the Social Security Covered Wage Base for the
4 given calendar year or (2) \$150,000, whichever is less.

5 (40 ILCS 5/18-335 new)

6 Sec. 18-335. Refunds; later entrants. A judge who ceases to
7 be a participant, other than an annuitant, shall, upon written
8 request, receive a refund of his or her total contributions,
9 plus interest at (1) 3% or (2) one-half of the percentage
10 increase, if any, in the Consumer Price Index for All Urban
11 Consumers measured from the preceding January 1 to the January
12 1 of the year during which the interest is being credited,
13 whichever is less, per year, not compounded.

14 Upon re-entry into service as a judge, a former participant
15 may reestablish any creditable service forfeited by acceptance
16 of a refund by paying to the System the full amount refunded,
17 plus interest at the actuarially assumed rate, not compounded,
18 from the date of payment of the refund to the date of
19 repayment.

20 (40 ILCS 5/18-340 new)

21 Sec. 18-340. Re-entry after retirement; later entrants.

22 (a) An annuitant who re-enters service as a judge shall
23 become a participant on the date of re-entry and retirement
24 annuity payments shall cease at that time. The judge shall

1 resume contributions to the system on the date of re-entry at
2 the rates then in effect and shall begin to accrue additional
3 service credit.

4 (b) Upon subsequent retirement, the judge shall be entitled
5 to a retirement annuity consisting of: (1) the amount of
6 retirement annuity previously granted and terminated by
7 re-entry into service and (2) the amount of additional
8 retirement annuity earned during the additional service.

9 (c) In computing the retirement annuity under subsection
10 (b) of this Section, the time that the judge was on retirement
11 shall not interrupt the continuity of service for the
12 computation of final average salary and the additional service
13 shall be considered, together with service rendered before the
14 previous retirement, in establishing final average salary.

15 (d) A person who re-enters service within 3 years after
16 retiring may qualify to have the retirement annuity computed as
17 though the participant had not previously retired by paying to
18 the System, within 5 years after re-entry and prior to
19 subsequent retirement, in a lump-sum or in installment
20 payments, in accordance with rules adopted by the board, an
21 amount equal to all retirement annuity payments received, plus
22 interest at the actuarially assumed rate from the date
23 retirement payments were suspended to the date of repayment.

24 Section 99. Effective date. This Act takes effect upon
25 becoming law.

1 INDEX
2 Statutes amended in order of appearance

- 3 5 ILCS 315/15 from Ch. 48, par. 1615
- 4 40 ILCS 5/2-300 new
- 5 40 ILCS 5/2-305 new
- 6 40 ILCS 5/2-310 new
- 7 40 ILCS 5/2-315 new
- 8 40 ILCS 5/2-320 new
- 9 40 ILCS 5/2-325 new
- 10 40 ILCS 5/2-330 new
- 11 40 ILCS 5/2-335 new
- 12 40 ILCS 5/2-340 new
- 13 40 ILCS 5/14-300 new
- 14 40 ILCS 5/14-305 new
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- 20 40 ILCS 5/14-335 new
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- 22 40 ILCS 5/15-300 new
- 23 40 ILCS 5/15-305 new
- 24 40 ILCS 5/15-310 new
- 25 40 ILCS 5/15-315 new

- 1 40 ILCS 5/15-320 new
- 2 40 ILCS 5/15-325 new
- 3 40 ILCS 5/15-330 new
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- 6 40 ILCS 5/16-300 new
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